THE CO-OPERATIVE MOVEMENT IN THE MADRAS PRESIDENCY

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1933.

PREFACE

In this paper I have tried to review with the help of statistics the growth of the Co-operative Movement in the Madras Presidency, paying special attention to the defects in its working. Some suggestions have been made for the rectification of the defects and for the future extension of the movement. I believe that the healthy expansion of the movement is a vital need of this country which can be effected only by the co-operation of the government and the popular leaders.

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ANNAMALAINAGAR.
DECEMBER, 1933.

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"Impatient souls who want the great economic change wrought in a jiffy, turn their attention to schemes that are fatuous and impractical or violent and fallacious. The Co-operative Movement destroys nothing. It is evolutionary and not cataclysmic. It is wholly constructive. It builds a different kind of business; if that business is more efficient it grows and slowly supplants the less efficient methods. It trains people to conduct business for themselves. In thousands of communities it can be seen steadily taking the place of profit business and rendering the functions of the state less necessary. All this it does without shock or disorder. Quietly and without ostentation it goes on building a system of service and mutual aid in the every presence of the crashing of capitalistic institutions and in a world sorely in need of co-operation."

DR. J. P. WARBASSE,
(NEW YORK).

The Co-operative Movement in the Madras Presidency

All civilized countries have recognised co-operation as an important factor in national economy. No other movement can contribute more to ameliorate the condition of the poorer classes of a country's inhabitants and increase their social influence than the co-operative movement which, rightly directed, can minimise the cost of living, cheapen production, increase employment and improve the purchasing power of the people so that a higher standard of life might be attained. The disabilities incident to poverty viz., slenderness of resources, want of confidence and moral power, are overcome by united corporate action and a new outlook charged with hope and confidence is induced in the people. Every committee and commission that has enquired into the economic condition of rural India has dwelt upon the appalling poverty of the masses of the people who dwell always on the verge of starvation. When the grave need of the times is to improve the economic condition of the masses the importance of such a movement for India can easily be realised.

Seventy-three per cent. of India's population are dependent on land, according to the census report. Dependence on land has been steadily on the increase

though there has been very little improvement in the methods of production or in agricultural profits. Chronic indebtedness of the peasant cultivator, the rude implements to which he pins his faith even at the present day, and the absence of proper marketing facilities have each contributed their share to this result. The weight of the heavy mill-stone of indebtedness can be lightened from the shoulders of the poor peasant if a number of rural credit societies, established throughout the country, readily advance him money on lighter terms. Similarly the establishment of non-credit societies can to a large extent remove the other disabilities under which he is groaning to-day. Experiments in agricultural production and marketing have been tried with success in other countries and 'better business, better farming and better living' have been achieved. The co-operative movement in other lands has covered almost every sphere of national activity. In the realm of agriculture Finland has met with remarkable success by establishing co-operative societies for the purchase of land and live stock as well as for marketing and insurance.[1] Co-operative development has been a marked feature, in recent years, of the national life of England, France, Germany and Japan.

Co-operation in India was, for the first time, officially recognised by the passing of the Co-operative Act of 1904. The progress of the movement in India was slow since the activities of co-operative societies were restricted to credit. The scope of co-operative activity was extended in 1912 by the passing of a new Act. Yet credit is the most important feature of the movement in this country; and this is no doubt inevitable considering the extent of rural indebtedness. In 1915 the Maclagan Committee surveyed the progress of the movement and submitted a masterly report pointing out its merits and defects. With the passing of the

1. Vide "Finland—A Nation of Co-operators," by Thorstera Odhe.

Montague-Chelmsford Act in 1919 Co-operation became a Provincial Transferred subject under the charge of Indian ministers. Considering the extent and population of India the progress of co-operation has been slow in this land. The Banking Enquiry Committee estimates that in 1930 there were about 100,000 societies in India, of which 78,000 were credit societies, having 3 million members and a working capital of 40 crores.

The non-credit societies numbered 16,000 and had a membership of 650,000 with a working capital of six crores of rupees. Taking the strength of an average family to be five it may be safely asserted that the co-operative movement has touched only 15 million people in this country. That only the fringe of the problem has as yet been touched will be made clearer by the following table :—

Province.	Proportion of members of agricultural societies to families in rural areas.	
	All Societies.	Credit Societies.
	Per cent.	Per cent.
Ajmer-Marwara ..	15·4	15·0
Assam ..	2·9	2·9
Bengal ..	4·4	3·8
Bihar and Orissa ..	3·2	3·1
Bombay ..	10·0	8·7
Burma ..	3·9	3·7
Central Provinces and Berar ..	2·4	2·3
Coorg ..	36·2	36·2
Delhi ..	11·5	11·5
Madras ..	8·3	7·9
North-West Frontier Province ..	0·2	0·2
Punjab ..	10·9	10·2
United Provinces ..	1·8	1·8

Though Madras comes third in India in the matter of co-operation much yet remains to be done. The problem of rural indebtedness is graver than ever. It cannot be said that the advent of this movement has arrested—let alone diminished—the increase of indebtedness of the agriculturist in this province. The peasant still goes to the money-lender in preference to the co-operative society since the former is more ready to advance him money and does not insist on punctual payment. Naturally the amount of the loan multiplies with added interest and is often converted into a mortgage on the land. Year by year indebtedness increases steadily and according to the Madras Banking Enquiry Committee, since the Nicholson Report, the number of mortgages registered every year has increased three-fold. The following table shows how mortgage-debts have been increasing in Madras since 1895[2]:

2. See the Madras Provincial Banking Enquiry Committee, Pages 79, 80, 81, 82.

Year.	Instruments of Mortgage. Number.	Instruments of Mortgage. Aggregate value.	Bonds or obligation for payment of money. Number.	Bonds or obligation for payment of money. Aggregate value.
1895	363,993	7,49,60,530	24,503	84,12,225
1896	352,193	7,21,25,986	23,393	52,80,486
1897	373,754	7,68,60,953	24,006	60,20,425
1898	368,998	7,53,14,713	21,436	51,32,290
1899	364,811	7,75,75,561	20,626	47,62,151
1900	410,746	8,25,14,728	20,746	48,48,908
1901	411,989	8,29,23,837	20,968	49,13,462
1902	384,057	8,11,40,299	19,923	49,67,738
1903	380,400	7,69,96,330	16,836	44,92,349
1904	366,666	8,19,78,988	15,871	39,35,200
1905	450,402	8,80,87,142	18,052	44,83,465
1906	483,218	9,88,52,411	18,779	43,49,093
1907	504,030	10,52,87,218	18,568	50,71,025
1908	519,548	11,47,90,784	18,457	53,42,227
1909	531,976	12,05,58,403	18,952	61,55,140
1910	520,831	12,33,63,327	19,681	62,52,928
1911	528,987	13,02,00,237	20,988	62,81,409
1912	569,609	14,61,92,551	23,438	75,28,280
1913	563,604	15,14,87,657	24,178	75,30,825
1914	532,331	14,78,98,968	24,591	80,30,783
1915	518,178	15,03,71,306	25,206	82,32,570
1916	539,585	15,79,31,266	25,505	1,04,62,693
1917	529,597	15,58,19,013	26,352	1,03,21,961
1918	540,163	17,07,40,138	25,719	1,08,70,219
1919	639,606	20,27,63,990	29,371	1,61,11,449
1920	593,933	20,62,08,902	29,374	1,87,06,741
1921	593,761	20,84,81,946	28,196	2,34,76,598
1922	500,301	19,66,60,355	25,458	1,99,66,886
1923	490,096	19,07,61,541	28,486	2,17,50,994
1924	506,918	19,94,18,477	30,669	2,39,68,085
1925	508,355	20,10,06,341	30,335	2,49,37,524
1926	494,227	19,71,02,316	29,857	2,46,06,099
1927	525,747	20,56,72,473	33,952	3,99,07,501
1928	510,974	19,87,43,259	32,255	3,43,26,954

That only a small fraction of rural credit comes from the co-operative societies will become evident from the following table based on investigation of a few villages in the presidency undertaken at the instance of the Madras Banking Enquiry Committee :—

Village.		Imperial Bank.	Government	Professional money lenders	Ryot.	Co-operative Societies.
East Godavari						
Village	1	..	..	48	7	45
do.	2	22	..	36	12	30
do.	3	..	..	53	25	22
Bellary	1	..	10	26	64	..
do.	2	..	8	37	55	..
do.	3	..	14	46	35	5
Madura	1	..	..	56	43	1
do.	2	..	1	55	32	12
do.	3	..	..	..	100	..
Coimbatore	1	..	3	4	49	44
do.	2	5	..	..	57	38
do.	3	..	..	16	84	..
Average		2	3	31	47	17

From the above table it may be seen that the ryot money lender advances 47 per cent., the professional money lender 31 per cent., the Government 3 per cent. and the co-operative society about 17 per cent. The increase in indebtedness can therefore be ascribed to the heavy rates of interest charged by the ryot as well as the professional money lender. It may be pointed out here that the total agricultural indebtedness in Madras amounts to 150 crores

and in this respect it is exceeded only by Bihar and Orissa as is evident from the following table[3]: —

Province.		Total Rural Indebtedness.
		Rs.
Assam	..	22 crores.
Bengal	..	100 crores.
Bihar and Orissa	..	155 crores.
Bombay	..	81 crores.
Burma	..	50 to 60 crores.
Central Areas	..	18 crores.
Coorg	..	35 to 55 lakhs.
Central Provinces	..	36 crores.
Madras	..	150 crores.
Punjab	..	135 crores.
United Provinces	..	124 crores.

It cannot be denied that the extension of co-operative organisation in this province will go a long way to minimise this evil.

As long ago as 1892 the Government of Lord Wenlock recognised the importance of the movement by deputing Mr. Frederick Nicholson to study the theory of agriculture and land-banks in Europe. Though the movement had a foreign origin its principles are not alien to India as is evident from the working of the Hindu joint family as well as the craft gilds of Ancient India. Even before this movement came into existence mutual loan associations or *Nidhis* played a part in the economic life of this presidency. The officials of Madras had a mutual loan fund called 'Suddar Court Fund' in 1850 the object of which was to offer loans to members on reasonable interest. These societies were

3. See The Indian Central Banking Enquiry Committee, Vol. I, Page 55.

found illegal in 1872 since they were not registered under the Indian Companies' Act, and the result was that many societies were liquidated involving a total loss of 20 lakhs. Though between 1872 and 92, 260 *Nidhis* failed it may be said that 'the *Nidhis* of to-day have on the whole been working on better lines.' The main objects of *Nidhis* are to facilitate savings, to relieve members from old debts, and to accumulate funds for special loans. Now these *Nidhis* are registered under the Indian Companies' Act five of them as banks, and the rest as *Nidhis* under a separate list. In March 1929 there were 228 *Nidhis* in the presidency distributed as follows :—

District.		Number.	Paid-up share capital.
			Rs.
Madras	..	17	67,82,839
Chingleput	..	12	8,48,368
South Arcot	..	5	6,42,230
North Arcot	..	7	5,63,848
Tanjore	..	8	35,02,124
Trichinopoly	..	16	9,22,496
Madura	..	1	11,26,056
Ramnad	..	5	4,54,226
Salem	..	6	2,85,750
Coimbatore	..	123	77,21,842
Tinnevelly	..	1	76,337
Guntur	..	1	15,604
Nellore	..	1	2,65,313
Bellary	..	7	4,79,921
Anantapur	..	10	4,40,697
The Nilgiris	..	4	2,80,405
Chittoor	..	4	5,01,477
Total	..	228	2,49,09,533

The first co-operative society in the presidency was registered on 30th August 1904. At first the progress of the new venture was slow. In 1907 there were only 63 societies with 6,439 members, in 1912 there were 972 societies with 66,156 members ; and in 1915, 1,600 societies with 118,726 members. The following table indicates the progress of the movement since then :—

Year.	Societies of all kinds.	Year.	Societies of all kinds.
1915—16	1,800	1924—25	11,141
1916—17	2,216	1925—26	11,973
1917—18	2,718	1926—27	13,357
1918—19	3,676	1927—28	14,510
1919—20	5,027	1928—29	15,086
1920—21	6,289	1929—30	15,238
1921—22	7,389	1930—31	14,878
1922—23	8,443	1931—32	14,435
1923—24	9,785		

The financing of these societies was at first undertaken by the Government ; but within a year the Madras Central Urban Bank was started and it undertook the work of financing the co-operative societies throughout the presidency. Besides this the co-operative societies raised funds by means of share capital and deposits.

In 1909 two central banks were started for financing rural and urban societies. The Banking Union, a new variety of central bank, which had individuals as well as societies as shareholders, came into existence in 1912. Such

unions not only advanced loans to members but also exercised some measure of supervision over affiliated societies.

By 1910 effective supervision of societies either by the Central Banks or by the Registrar was found impossible and so new organisations called Supervising Unions sprang into existence in order to supervise the affiliated societies, and their membership was confined to co-operative societies within a seven miles radius. The following table indicates the growth of Supervising Unions since 1916 :—

Year.	Supervising Unions.	Year.	Supervising Unions.	Year.	Supervising Unions.
1916-17	57	1921-22	211	1927-28	414
1917-18	74	1922-23	249	1928-29	448
1918-19	102	1923-24	280	1929-30	450
1919-20	136	1924-25	325	1930-31	454
1920-21	179	1925-26	367	1931-32	430
		1926-27	388		

The first Urban Co-operative Society known as the Conjeevaram Town Bank was formed in 1904 in the Chingleput District to advance credit to members in Urban areas and in 1905 the first non-credit society, called the Triplicane Co-operative Stores was formed. This was followed by similar societies at Coimbatore and Madura. To co-ordinate the work of the various societies in the presidency and to promote co-operative work in all directions a Provincial Co-operative Union was registered at Madras in 1914. The following table shows the growth of non-credit societies of all kinds in the Madras Presidency between the years 1915 and 1932 :—

Year.		Non-credit Societies.
1915—16	..	31
1916—17	..	42
1917—18	..	70
1918—19	..	138
1919—20	..	225
1920—21	..	256
1921—22	..	245
1922—23	..	256
1923—24	..	292
1924—25	..	581
1925—26	..	679
1926—27	..	822
1927—28	..	963
1928—29	..	1,080
1929—30	..	1,064
1930—31	..	950
1931—32	..	875

Some idea can be formed of the position of co-operation in Madras in relation to other provinces from the table below[4] :—

Provinces.		Total at the end of the year.
Assam	..	1,390
Bengal	..	22,532
Bihar and Orissa	..	9,404
Bombay	..	5,734
Burma	..	3,215
Central Provinces	..	4,137
Madras	..	15,237
N. W. Frontier	..	166
Punjab	..	20,333
United Provinces	..	5,467

4. Figures for 1930-31. India, Pages 591 to 603.

Though Madras claims a third place in respect of the number of societies, taking urban and rural societies together, only 2.1 per cent. of the population are associated with the movement. But taking the aggregate working capital into account Madras comes second with 18 crores of rupees while the Punjab has 18.5 crores, Bengal 14.7 and Bombay 12.8. If we compare Madras with other provinces in regard to the number and the total working capital of agricultural credit societies including mortgage banks we find that though Madras comes third in the number of societies to her credit she comes second in the matter of working capital. For while Bengal has 19,156 societies with about 4.9 crores of working capital, Bombay 4,526 with about 3.87 crores and the Punjab 16,125 societies with about 7.79 crores Madras has 12,540 societies with a total working capital of about 6.64 crores. As regards non-agricultural credit societies including Urban Banks, Madras comes first in the number of societies and second in the amount of total working capital. Of societies of this kind Madras has 1,151 with a working capital of about 1.66 crores while Bengal has 456 societies with 2.57 crores, Bombay, 580 societies with 3.32 crores and the Punjab, 1,092 societies with .96 crores. Madras has lagged behind in the matter of non-credit societies of all kinds including sales societies. The lead in this aspect of co-operation is taken by Bihar and Orissa with 8,949 societies and a total working capital of about 2.76 crores while Bengal has 2,736 societies with .8 crores, Bombay, 504 societies with 1.28 crores, the Punjab, 2,959 societies with .56 crores, and Madras, 437 societies with .18 crores. In regard to Central Banks, Banking Unions and Provincial Banks the following tables make clear the position :—

Central Banks and Banking Unions.[5]

		Members.		In thousands.			
		Individuals.	Societies.	Share Capital and Reserve.	Deposits.	Loans.	Total Working Capital.
				Rs.	Rs.	Rs.	Rs.
Ajmer-Marwara ..	7	800	780	4,17	15,53	4	19,74
Assam ..	16	462	1,118	2,63	13,58	2,75	18,96
Bengal ..	116	4,652	19,071	78,03	264,91	112,76	455,70
Bihar and Orissa ..	67	2,742	9,077	36,31	152,99	39,48	228,78
Bombay ..	19	6,535	4,001	36,24	193,54	54,83	284,61
Burma ..	12	1,072	992	18,43	28,05	4,75	51,23
Central Provinces[6] ..	34	48,848	3,955	48,00	177,53	15,02	240,55
Delhi ..	1	66	426	1,50	12,20	1	13,71
Madras ..	31	3,484	12,923	76,60	353,01	197,57	627,18
N. W. F. Province ..	1	36	114	21	2,29	92	3,42
Punjab ..	118	3,472	18,928	63,23	575,37	66,88	705,48
United Provinces ..	69	5,498	5,168	35,25	53,76	4,04	93,05
Total ..	491	77,667	76,553	400,60	1,842,76	499,05	2,742,41

5. The Indian Central Banking Enquiry Committee, page 115.

6. The practice of the Central Provinces seems to be that the individual members of Central Banks are generally members of the primary societies.

Provincial Banks.

	Members.		In thousands.				
	Individuals.	Societies.	Share Capital and Reserve	Debentures.	Deposits.	Loans.	Total Working Capital.
			Rs.	Rs.	Rs.	Rs.	Rs.
Ajmer-Marwara ..	No Provincial Bank in the Area.						
Assam ..	31	35	99	..	2,37	12	3,48
Bengal ..	..	168	20,78	..	163,25	..	184,03
Bihar and Orissa ..	29	79	9,33	..	63,80	38	73,51
Bombay ..	808	1,632	18,83	9,80	120,51	66	149,80
Burma ..	188	1,648	58,41	..	27,29	..	85,70
Central Provinces ..	40	2,499	10,48	..	95,99	..	106,47
Delhi ..	No Provincial Bank in the Province.						
Madras ..	184	58	15,81	2,15	75,87	85,43	179,26
N. W. F. Province ..	No Provincial Bank in the Province.						
Punjab ..	..	13,008	10,91	5,00	63,13	16,74	95,78
United Provinces ..	No Provincial Bank in the Province.						
Total ..	1,280	19,127	145,54	16,95	612,21	103,33	878,03

Though considerable progress has been made by Madras in several directions, when one takes her population into consideration, there does not seem to be too much reason for congratulation. On the other hand the Punjab, relatively to her population, leads in the co-operative movement by her all-round progress. Much leeway has yet to be made by Madras in the direction of non-agricultural credit societies and sales societies. While the credit aspect of co-operative endeavour has been in the forefront, those aspects of the movement which are calculated to promote better living and better production by corporate activity have not received the attention they merit. Credit, they say, can be misused by the agriculturist beset by temptations ; but the skill and confidence that he gains by united effort will be an acquisition beneficial not only to himself but also to posterity. However, the resources open to the societies form only a very small fraction of the annual requirements while at the same time there is need for the wider extension of the movement both in urban and in rural areas.

Though such are the needs of the movement various forces have tended to restrict the scope of co-operation in the province instead of encouraging it to develop into greater usefulness. The Registrar of Co-operative Societies in his report for 1931-32 (latest) says that during the year, while 100 agricultural societies were registered, the registration of 504 agricultural societies was cancelled. The following table shows how in recent years the number of registered societies every year has declined while the number of societies liquidated has been steadily on the increase.

Societies Registered and Liquidated from 1926—32.

	Societies Registered.	Societies Liquidated.
1926—27	1,455	71
1927—28	1,260	107
1928—29	726	150
1929—30	535	383
1930—31	320	516
1931—32	129	629

This is not a feature peculiar to Madras. The Registrars of Co-operative Societies in Bihar and Orissa as well as the United Provinces tell a similar tale. The Registrar of Co-operative Societies, U. P., in his report for 1930-31, says : 'So far as the Credit Societies are concerned, roughly it may be said that one-third are bound to go sooner or later, another one-third are on the border line whose future depends on circumstances, while the remaining one-third are, in the main, thoroughly unsound.' In Bihar and Orissa also the Registrar points out that a close examination of the working of co-operative societies in that province in 1929-30 reveals a somewhat precarious state of affairs. Opinions may differ as to the extent to which the movement has received a set-back in this as well as in other provinces. But it cannot be denied that the progress of the movement has been visibly retarded in almost every province of this land.

An unduly pessimistic view of the movement as a whole has been taken in certain quarters, and the arguments that the Board of Revenue urged against Mr. Frederick Nicholson in 1896 are revived. It is sought to be proved that the

selfless social worker inspired with abounding zeal for reform is conspicuous by his absence and that the movement has been captured by political and communal cliques and that therefore the activities of the societies must be restricted. The element of truth in this line of argument makes it all the more insidious. It is no doubt true that political and party feelings have affected the working of some societies in this province. At worst, this can only be a passing phase, which can be tided over by devoted and continued endeavour with a little more of optimism. However, it is worthwhile to examine with what basis of truth these charges are levelled. Even leading supporters of co-operation in Madras have admitted that all is not well with the movement. Cases of fraud and misappropriation have been painfully frequent and the Registrar of Co-operative Societies in his report for 1931-32 records that the number of criminal prosecutions during the year was 49 as against 71 in the previous year. Honesty is the keystone of the arch of co-operation and without it the whole edifice must tumble down. It behoves all those interested in the development of this province to give their best attention to the problem of weeding out from the movement the dishonest and the undeserving.

However, embezzlement and fraud have been neither solely nor primarily responsible for the set-back the movement has received in Madras. The causes for such a state of affairs lie deeper. Over-much emphasis has been laid on the credit side of the movement and sufficient care has not been taken to see that loans are utilised for immediate productive purposes. Short term loans have often been used by agriculturists for long term purposes and since the loans could not be returned at the end of the harvest overdues have tended to accumulate and the major part of a society's resources has thus been locked up. The depression in commerce and industry has, no doubt, had a baneful effect on the working of co-operative societies of every kind and over-

dues have become a marked feature of societies of all kinds. The following table[7] shows the increase in overdues :

Year.	Demand under principal in the year in lakhs of Rs.	Amount overdue.	Percentage of column 3—2.
1915-16	32.939	10.435	31.68
1916-17	40.471	11.644	28.77
1917-18	47.778	11.686	24.45
1918-19	53.286	13.097	24.57
1919-20	68.316	16.384	23.98
1920-21	95.490	29.278	30.66
1921-22	119.873	37.265	31.08
1922-23	137.953	46.613	35.96
1923-24	163.958	68.357	41.69
1924-25	201.567	84.565	41.95
1925-26	233.570	107.793	46.15
1926-27	265.629	121.295	45.66
1927-28	316.740	135.575	42.81
1928-29	361.118	147.729	40.90
1929-30	379.723	176.238	47.00
1930-31	427.298	254.515	59.56
1931-32	436.882	275.730	63.11

Many directors do not seem to realise that one of the best methods of national service is promoting the cause of co-operation in this land. Faction, favouritism and nepotism have no place in the economy of co-operation. Petty jealousies and bickerings should be forgotton in the disinterested service of the people. Incompetence and dishonesty must be cut off with a ruthless hand if the movement should have a strong and healthy growth. Neither personal promi-

7. Compiled from the Annual Reports of the working of Co-operative Societies Act II of 1912, Madras from 1915 to 1932.

nence nor party aggrandisement should be allowed to dominate the working of any society large or small. Special care should be taken to see that funds are applied for the purposes for which they are ostensibly borrowed and unremitting and vigilant supervision should make the path of the slacker and the shirker extremely difficult to tread. Independent and effective auditing can alone insure the continued progress of any society. Government also should try their level best to mend societies instead of rushing to end them and must follow a policy of rectification and cautious registration rather than a policy of winding up and liquidation at any cost. These factors then are, in the main, responsible for the stagnation of the movement in this province.

It may be well to suggest how this crisis in co-operation can be tided over. The association of government with the co-operative movement has contributed in the past to steadying the movement and inspiring the confidence of the public in its working. One should think twice before one suggests that there should be any great measure of relaxation of government responsibility. Genuine interest on the part of officers of government in the growth of the movement can go a long way to help it. A progressive and sympathetic policy on the part of the minister in charge has helped the movement a great deal in the past and there is no reason to think that a similar policy in the future will not produce even better results. But government policy apart, the impulse for a new and better order must come from within, from a genuine desire on the part of the cultured and public-spirited to see that co-operation in their province runs along right lines. Every endeavour should be made to rescue societies from the grip of faction and party. The large overdues which have accumulated can be reduced by enabling debtors to pay back in easier instalments, by reducing the rate of interest, and if necessary by forgoing the interest

altogether, if at least the principal, can be recovered. Such measures, no doubt, are the last resort ; but when no other measures succeed such will have to be adopted. Other countries in similar predicaments have also resorted to these drastic remedies. Since property statements form the basis of credit no effort should be spared to see that they are accurate and up-to-date. Ruthless and stringent measures to enforce this will certainly have a salutary effect on the movement. It is also desirable to make the terms of the Societies' loans more attractive by reducing the rates of interest as much as possible.

The importance of an independent, impartial and accurate system of auditing for the successful working of societies cannot be over-emphasised. The question of the method of auditing has been very much in the public eye of late. Four different methods of audit have been suggested and discussed : audit by local unions, by central organizations, by certified firms of accountants and by government. It would be difficult to indicate an exclusive method of audit which can meet the often divergent needs of the various societies ; but a close examination of the problem cannot fail to reveal methods which are more suited to the needs of the situation. Audit by local unions is open to the objection that the auditor who has to review the work of the directors is appointed by the directors themselves. Impartial and independent auditing is impossible when the auditor is a creature of the directors. The central scheme of auditing has also its own disadvantages ; auditors who go periodically to distant societies can have no intimate knowledge of their working and the central organization has to depend on their notes and observations. From G. O. No. M. S. 224 dated 21-2-'33 we learn that this system of audit is not popular. Auditing by an independent and reliable body of professional auditors would be the best solution of the problem. Nevertheless it must be realised that a body of trustworthy auditors

specially trained for co-operative work can grow up only in course of time. Till then the task of auditing will have to be shouldered by government. The enthusiasts for de-officialization may not subscribe to this view ; but it would be unreasonable to suspect the bona fides of government especially when co-operation will be in the hands of a popular, elected minister under provincial autonomy. In recent years national economy has been more and more the concern of the state and hence state direction and regulation must be welcomed rather than resented. It must, however, be the endeavour of the state to associate more and more, private auditors with the work of auditing the societies till the time comes when the burden can be transferred to an independent and reliable body of fully trained auditors.

Expansion and reinvigoration cannot, however, be the result of mere rectification or re-orientation of policy. The sustaining power of all co-operative action is the strongly felt need of the masses of the people. Proper education in the principles of co-operation and intensive propaganda as to its urgency can alone rouse in them this desire. Education in co-operation can secure not only a large body of enthusiastic co-operators but also a continuous supply of skilled organisers, auditors and workers. In countries of the West this task has been taken up by such institutions as the American Co-operative College of Wisconsin, the Leningrad Co-operative Academy and the Co-operative College at Manchester. These institutions are being maintained by the Co-operative Organizations of the countries concerned, and they have even gone further and awarded scholarships for advanced studies in co-operation. A central College of Co-operation in this presidency is therefore to be desired.

Thus equipped and reformed the co-operative movement in this province can set before itself loftier ideals and wider fields of usefulness. Better business, better living and better farming can be secured by encouraging habits of

thrift and united action. A reduction of interest and facilities for easy credit along with the growth of the investment habit will promote banking. When the ideals of unselfish work, unity and social service become more widely held and appreciated, the activities of co-operation can be extended in new directions. Greater attention can be devoted to the non-credit and ameliorative aspects of co-operative work such as housing, wholesale buying and selling, rural reconstruction and model agricultural schemes. Since agriculture is the primary industry of this land there is unlimited scope for societies whose object is to demonstrate[8] and popularise improved methods of agriculture and modern implements of farming. Cattle-breeding and dairying can also be undertaken with profit on a co-operative basis. In this connection it is necessary to point out that special attention should be paid to the problem of extending the benefits of co-operation to those classes in the presidency who are backward and submerged.

This vast field of humanitarian work is not for one class or section of the people, official or non-official, to undertake single-handed. The fight against disunion, poverty and ignorance must be taken up unitedly by government and popular leaders working hand in hand. It would not do for government to shirk their responsibility for the ultimate success of the movement they have inaugurated. Nor would it do for popular leaders to fight shy of government. Consistent and selfless endeavour can ere long, without any shadow of a doubt, raise the movement from the morass of stagnation and enable it to be a power for good to the large mass of the people of this country.

8.

Year.	Agricultural demonstrative Societies.
1926-27	.. 13
1927-28	.. 15
1928-29	.. 16
1929-30	.. 17
1930-31	.. 16

TABLES

(Compiled from the Annual Reports of the working of Co-operative Societies Act II of 1912—Madras from 1915 to 1932.)

Year.	Central Banks.	Societies of All kinds.	Total Working Capital (In lakhs of Rs.)	Reserve Funds. (In lakhs of Rs.)	Individual Members.	Urban credit societies.	Building Societies.	Supervising unions.	Societies under Liquidation.	Non-credit Societies.	Agricultural credit Societies. No. of Societies.	Agricultural credit Societies. Members.
1915-16	11	1800	168·89	8·49	136286	134	8	..	63	31	1593	100465
1916-17	14	2216	204·99	9·63	163121	196	10	57	73	42	1907	118437
1917-18	20	2718	234·92	11·89	191041	283	10	74	69	70	2271	135485
1918-19	26	3676	305·21	14·65	244297	361	10	102	79	138	3048	169223
1919-20	30	5027	393·00	17·45	329886	478	15	136	86	225	4156	227581
1920-21	33	6289	490·35	20·77	398062	614	16	179	103	256	5207	275442
1921-22	33	7389	601·11	26·08	461002	694	15	211	142	245	6206	326612
1922-23	33	8443	711·59	31·73	530291	805	18	249	144	256	7100	376679
1923-24	33	9785	839·27	38·39	616628	955	29	280	158	292	8103	438465
1924-25	32	11141	986·57	46·85	690740	1039	78	325	180	581	9164	487431
1925-26	32	11973	1132·8	56·5	748786	1073	94	367	215	679	9822	523564
1926-27	32	13357	1334·34	68·54	830522	1115	109	388	258	822	11000	583315
1927-28	32	14510	1522·98	82·18	898186	1135	121	414	300	963	11966	630298
1928-29	32	15086	1651·53	97·23	940784	1144	140	448	358	1080	12382	655670
1929-30	33	15238	1799·36	110·95	977999	1151	145	450	688	1064	12540	674590
1930-31	33	14878	1800·52	122·81	981100	1130	133	454	674	950	11821	596072
1931-32	33	14435	1699·98	133·32	..	1097	124	430	629	875	11999	

A statement, showing the percentage of balance to demand under principal, arrears, interest and current interest for years from 1915 to '32, for agricultural societies.

Year.	Demand under principal in the year in lakhs of Rs.	Amount overdue.	Percentage of column 3 to 2.	Interest overdue at the end of the previous year.	Interest overdue at the end of the year out of the amount in column 5.	Percentage of column 6 to 5.	Interest accrued and fallen due during the year in lakhs.	Balance overdue at the end of the year out of the demand in column 8 in lakhs.	Percentage of column 9 to 8.
1915-16	32·939	10·435	31·68	2·251	1·156	51·35	5·845	1·789	30·61
1916-17	40·471	11·644	28·77	2·869	1·448	50·48	7·216	1·972	27·34
1917-18	47·778	11·686	24·45	3·413	1·725	50·48	8·299	1·990	23·98
1918-19	53·286	13·097	24·57	3·630	1·982	54·61	9·378	2·198	23·43
1919-20	68·316	16·384	23·98	4·180	2·259	54·01	11·738	2·531	21·56
1920-21	95·490	29·278	30·66	4·536	2·617	57·68	15·025	4·147	27·60
1921-22	119·873	37·265	31·08	6·659	3·174	47·66	19·292	5·393	27·96
1922-23	137·953	46·613	35·96	8·498	3·942	48·38	29·684	7·484	31·59
1923-24	163·958	68·357	41·69	11·321	5·675	50·12	27·651	9·606	34·73
1924-25	201·567	84·565	41·95	15·362	7·601	49·48	32·052	11·487	35·83
1925-26	233·570	107·793	46·15	19·452	10·479	53·87	36·822	14·076	38·23
1926-27	265·629	121·295	45·66	25·040	13·492	53·88	39·778	16·446	41·34
1927-28	316·740	135·575	42·81	30·173	17·223	57·08	47·846	17·557	36·70
1928-29	361·118	147·729	40·90	35·085	19·328	55·08	55·989	19·992	35·70
1929-30	379·723	176·238	47·00	38·002	22·473	59·00	58·454	23·354	39·00
1930-31	427·298	254·515	59·56	46·958	30·615	65·20	62·747	31·348	49·91
1931-32	436·882	275·730	63·11	61·541	38·309	62·25	60·433	31·287	51,77

(Compiled from the Annual Reports on the working of the Co-operative Societies Act II of 1912).

LAND RECLAMATION SOCIETIES.

Year.	Societies.
1924-25	.. 4
1925-26	.. 7
1926-27	.. 9
1927-28	.. 9
1928-29	.. 10
1929-30	.. 11
1930-31	.. 12

IRRIGATION SOCIETIES.

Year.	Societies.
1927-28	.. 17
1928-29	.. 17
1929-30	.. 17
1930-31	13
1931-32	.. 11

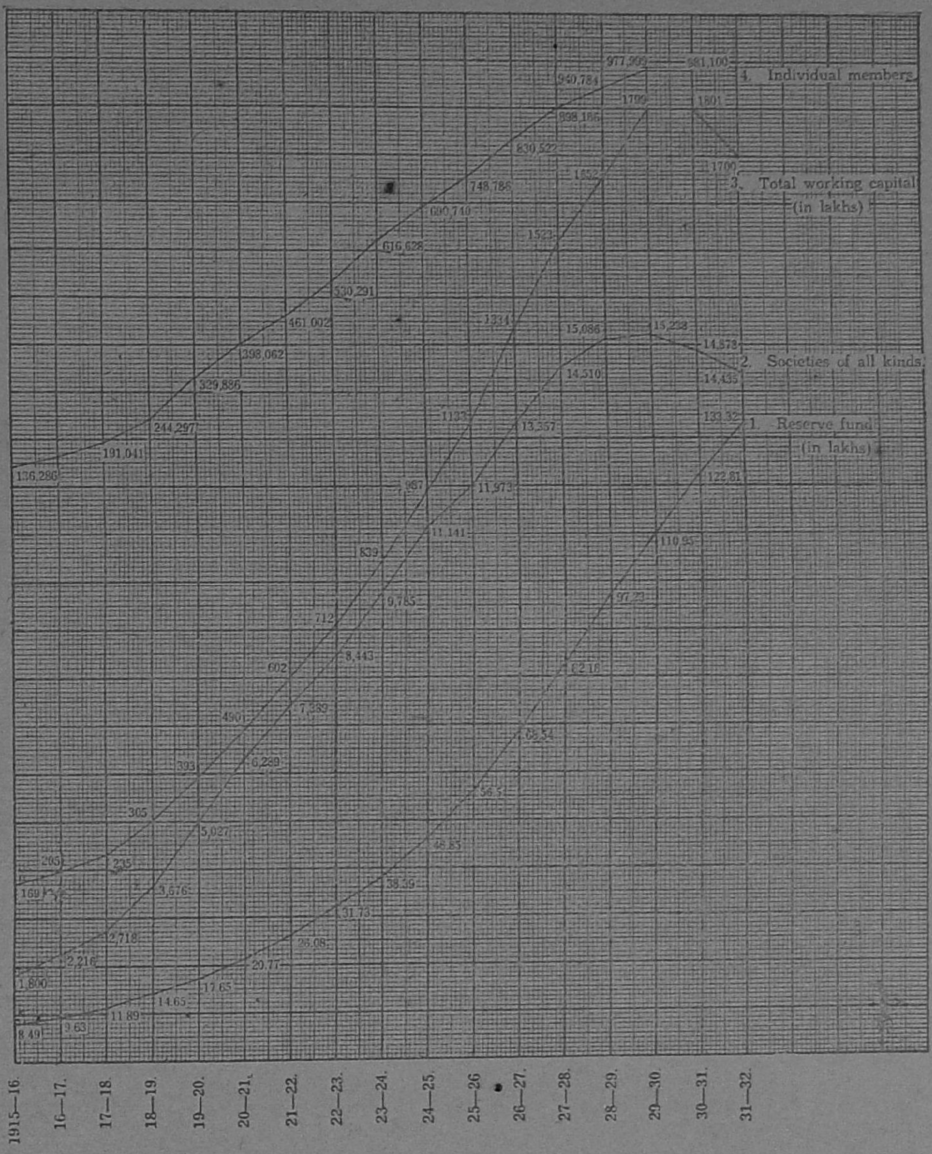
GRAPHS

Graph showing :—

1. Societies of all kinds.
2. Total working capital in lakhs.
3. Individual Members.
4. Reserve Fund.

Scale :

1. 1 Div. represents Rs. 10,00,000.
2. 1. Div. .. .. 1,000 societies.
3. 1 Div. .. .. Rs. 100 lakhs.
4. 1 Div. .. .. 100,000 members.



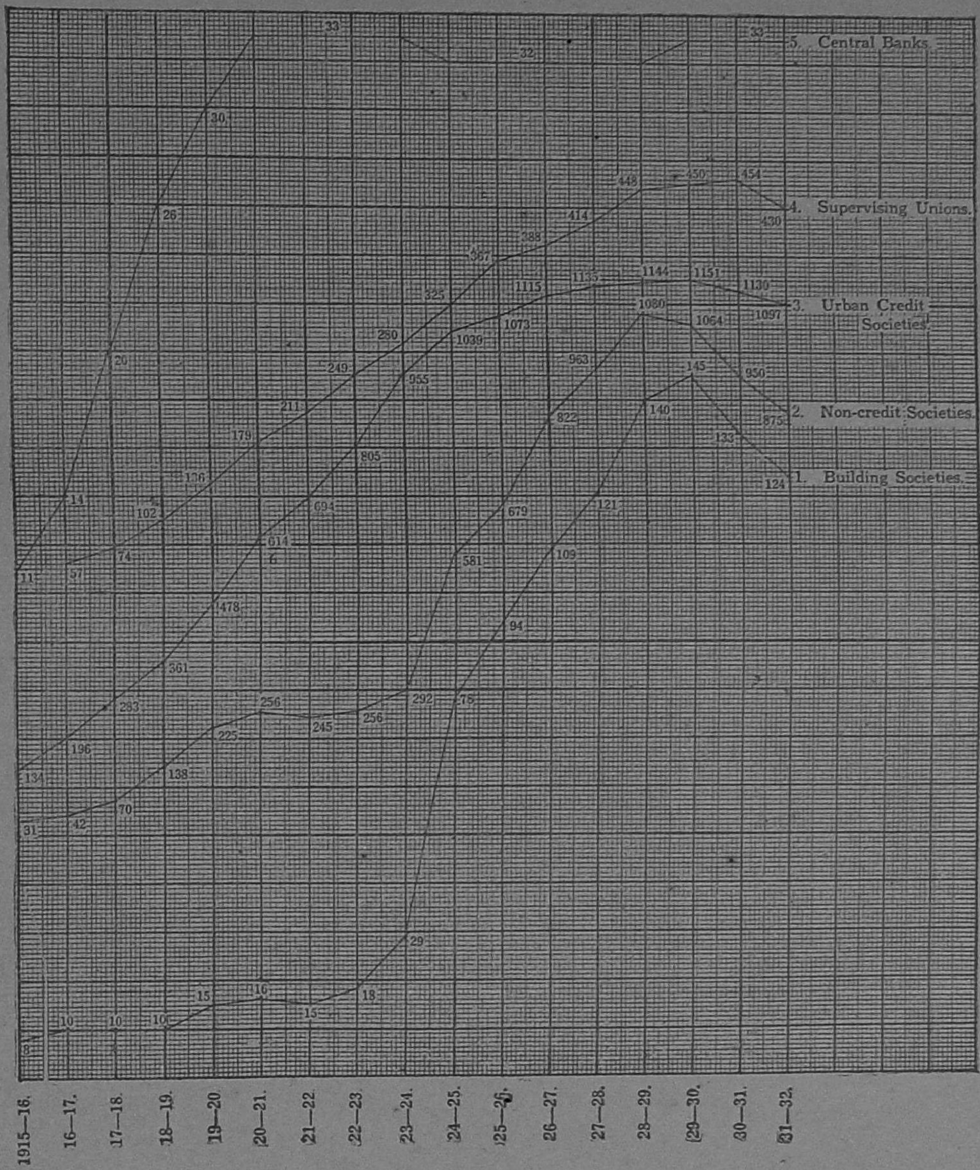
4. Individual members.
3. Total working capital (in lakhs)
2. Societies of all kinds.
1. Reserve fund (in lakhs)
136,286
191,041
244,297
329,886
398,062
461,002
530,291
616,628
690,710
748,786
830,522
898,186
940,784
977,999
981,100
1799
1801
1700
1852
1523
1334
1133
987
839
712
602
490
393
305
235
205
169
15,086
15,238
14,878
14,435
14,510
13,357
11,973
11,141
9,785
8,443
7,339
6,289
5,027
3,676
2,718
2,216
1,800
133.32
122.81
110.93
97.22
82.16
68.54
56.5
46.65
38.39
31.73
26.08
20.77
17.65
14.65
11.89
9.63
8.49
1915—16.
16—17.
17—18.
18—19.
19—20.
20—21.
21—22.
22—23.
23—24.
24—25.
25—26
26—27.
27—28.
28—29.
29—30.
30—31.
31—32.

Graph showing :—

1. Building Societies.
2. Non-Credit Societies.
3. Urban Credit Societies
4. Supervising Unions
5. Central Banks.

Scale :

1. 1 Div. represents 10 societies.
2. 1 Div. .. .. 100 societies.
3. 1 Div. .. .. 100 societies.
4. 1 Div. .. .. 50 unions.
5. 1 Div. .. .. 2 societies.

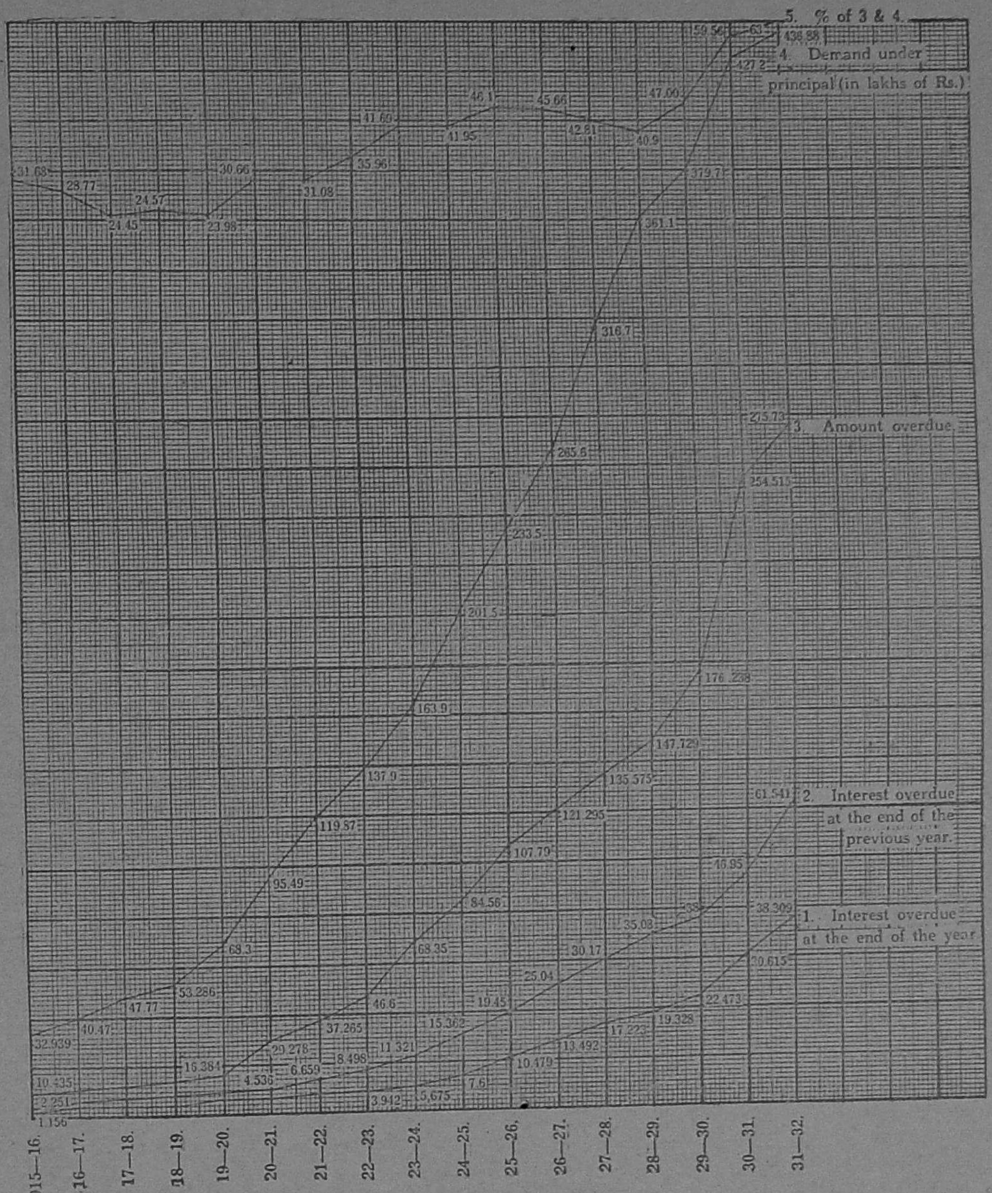

5. Central Banks.
4. Supervising Unions.
3. Urban Credit Societies.
2. Non-credit Societies.
1. Building Societies.
1915—16.
16—17.
17—18.
18—19.
19—20.
20—21.
21—22.
22—23.
23—24.
24—25.
25—26.
26—27.
27—28.
28—29.
29—30.
30—31.
31—32.

Graph showing :—

1. Demand under principal in the year in lakhs of Rupees.
2. Amount overdue.
3. Percentage.
4. Interest overdue at the end of the previous year.
5. Interest overdue at the end of the year.

Scale :

1 & 2 1 Div. represents 10.
3 & 4. 1 Div. .. .. Rs. 20 lakhs.
5. 1 Div. 10%


5. % of 3 & 4.
4. Demand under principal (in lakhs of Rs.)
3. Amount overdue.
2. Interest overdue at the end of the previous year.
1. Interest overdue at the end of the year.
1915—16.
16—17.
17—18.
18—19.
19—20.
20—21.
21—22.
22—23.
23—24.
24—25.
25—26.
26—27.
27—28.
28—29.
29—30.
30—31.
31—32.

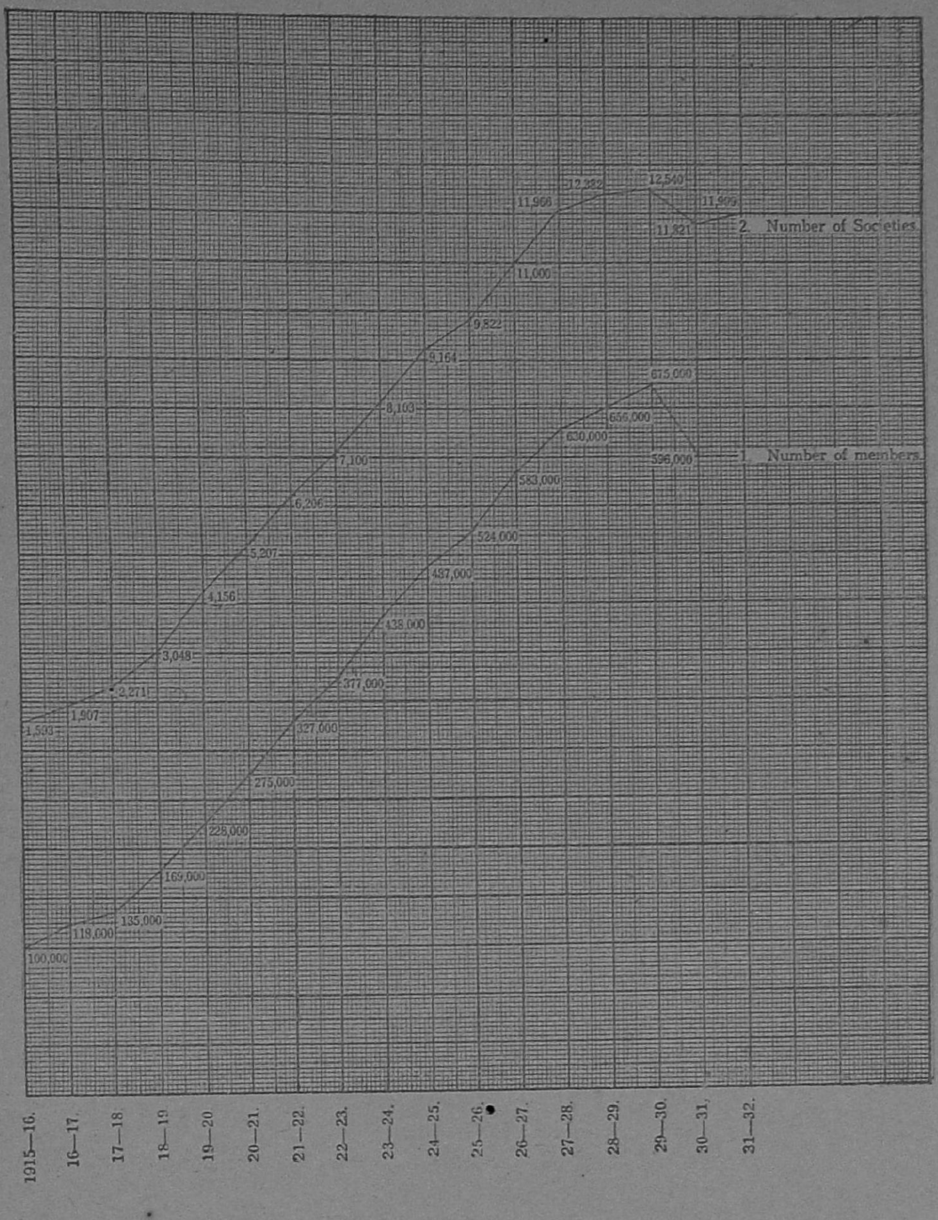
AGRICULTURAL CREDIT SOCIETIES.

Graph showing :—

1. Number of Members.
2. Number of Societies.

Scale :

1. 1 Div. represents ½ million.
2. . 1 Div. .. .. 1,000 societies.



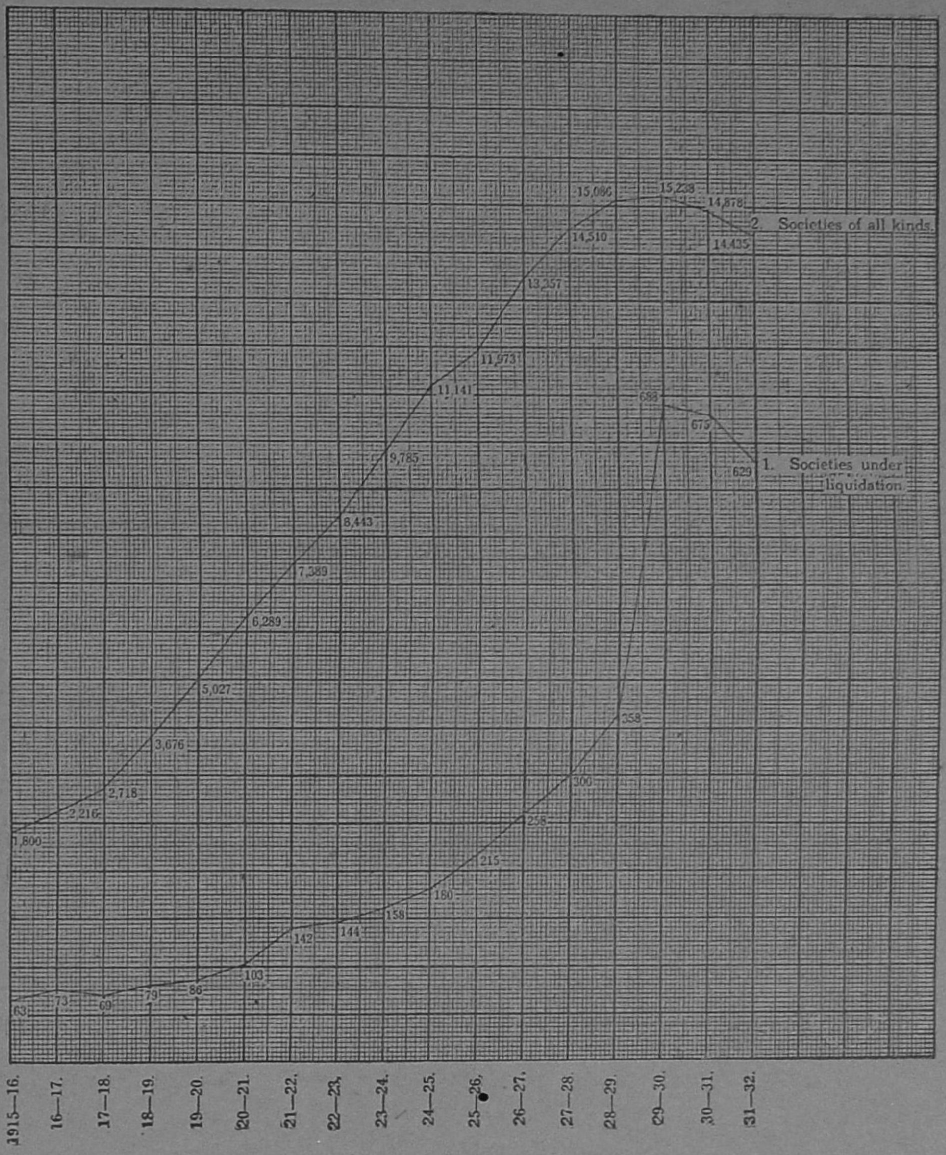
2. Number of Societies
1,593
1,907
2,271
3,048
4,156
5,207
6,206
7,100
8,103
9,164
9,822
11,000
11,966
12,332
12,540
11,821
11,909
1. Number of members.
100,000
118,000
135,000
169,000
228,000
275,000
327,000
377,000
438,000
487,000
524,000
583,000
630,000
656,000
675,000
596,000
1915—16.
16—17.
17—18.
18—19.
19—20.
20—21.
21—22.
22—23.
23—24.
24—25.
25—26.
26—27.
27—28.
28—29.
29—30.
30—31.
31—32.

Graph showing :—

1. Societies under liquidation.
2. Societies of all kinds.

Scale :

1. 1 Div. represents 50 societies.
2. 1 Div. .. .. 1,000 societies.



2. Societies of all kinds.
1. Societies under liquidation.
1,800
2,216
2,718
3,676
5,027
6,289
7,389
8,443
9,785
11,141
11,973
13,357
14,510
15,086
15,238
14,878
14,435
63
73
69
79
86
103
142
144
158
180
215
258
300
358
688
675
629
1915—16.
16—17.
17—18.
18—19.
19—20.
20—21.
21—22.
22—23.
23—24.
24—25.
25—26.
26—27.
27—28.
28—29.
29—30.
30—31.
31—32.